

September 14, 2016

Ken Bruno, Program Manager  
Safety and Enforcement Division  
California Public Utilities Commission  
320 West 4<sup>th</sup> Street, Suite 500  
Los Angeles, CA 90013

Re: CPUC Resolution ALJ-274 Self-Identified Potential Non-Compliance Notification:  
2014 Atmospheric Corrosion (AC) Inspections performed by Non-Operator  
Qualified Personnel on Gas Distribution Meters; Late Notification per CPUC  
Resolution ALJ-274

Dear Mr. Bruno:

Pursuant to Resolution ALJ-274, PG&E is providing notification of 2014 Atmospheric Corrosion Inspections performed by non-Operator Qualified personnel on its gas distribution meters.<sup>1</sup> PG&E did not provide timely notification of this self-report because of a lapse in our process. To prevent future lapses, the company has completed several improvements and is implementing additional measures to update this process, which enhances controls for the reporting requirement. PG&E has initiated a full review of additional pending self-identified potential non-compliances and is in the process of updating and finalizing them for submittal expeditiously. To ensure we are fully compliant with the 10-day self-reporting requirement of CPUC Resolution ALJ-274, we have developed a tracking system that ensures all issues have been entered into the PG&E Corrective Action Program, and enhanced the review process used by a team that discusses and investigates all identified potential self-reports.

In November 2015, during the course of responding to a data request from SED following its Sierra Division audit, PG&E discovered that 6.5% of the Atmospheric Corrosion inspections completed in the Division during 2014 were performed by non-Operator Qualified personnel. Upon learning this, PG&E initiated a review of all Atmospheric Corrosion inspections completed system-wide in 2014 to identify if there were other instances of AC inspections performed by non-Operator Qualified personnel. During this review, PG&E identified an additional six divisions consisting of a total of 35% of the inspections that were completed in 2014 by non-Operator Qualified personnel.

While all relevant contracting personnel received training from PG&E on the Atmospheric Corrosion inspection work tasks in 2014, many were missing one or more components of the required qualification process and documentation. PG&E did not verify the qualifications of the inspectors prior to performing the inspections. As a result,

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<sup>1</sup> As part of PG&E's gas system maintenance program, Atmospheric Corrosion inspections are performed to identify potential atmospheric corrosion of above-ground gas meters and associated equipment.

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PG&E has been in the process of re-inspecting all of the inspections completed by non-Operator Qualified individuals, with many being accelerated to 2016, and the remainder on-track for completion by Q2, 2017.

The table below provides a summary of the seven divisions containing the number of Operator Qualified personnel versus non-Operator Qualified personnel and the number of inspections performed in 2014.

2014 AC Inspection Program						
Number of Inspectors and Inspections Completed by OQ and Non-OQ Qualified Inspectors.						
Division	Operator Qualified Personnel		Non-Operator Qualified Personnel		Totals	
	Inspectors	# of Inspections	Inspectors	# of Inspections	Inspectors	# of Inspections
Sierra	97	179,352	10	12,393	107	191,745
Diablo	23	30,866	72	234,954	95	265,820
De Anza	4	5,912	38	44,558	42	50,470
Sacramento	246	643,334	5	609	251	643,943
Peninsula	60	123,106	55	118,672	115	241,778
San Jose	7	4,823	62	138,437	69	143,260
North Bay	36	21,187	1	6	37	21,193
<b>Totals</b>	---	1,008,580	---	549,629	---	1,558,209
		64.7%		35.3%		

The table below provides a summary of the re-inspections of the 2014 work that was performed by Non-Operator Qualified personnel as of September 10, 2016.

Re-inspection of 2014 Work Performed by Non-Operator Qualified Personnel						
Count by Division		Progress				2017 Plan
Division	Total Inspections Required	Completed in 2015	Completed in 2016	Remaining in 2016	% Complete	Q1-Q2
De Anza	44,558	3,381	40,641	518	91%	18
Diablo	234,954	-	156,672	78,282	67%	-
North Bay	6	-	-	-	0%	6
Peninsula	118,672	6	4,626	-	4%	114,040
Sacramento	609	-	1	-	0%	608
San Jose	138,437	528	134,019	3,877	97%	13
Sierra	12,393	-	12,149	244	98%	-
<b>Total</b>	<b>549,629</b>	<b>3,915</b>	<b>348,108</b>	<b>82,921</b>	<b>63%</b>	<b>114,685</b>

### Corrective Actions

PG&E is in the process of performing re-inspections of all 549,629 locations that were completed by non-Operator Qualified personnel. By the end of 2016, the AC re-inspections in Sierra, Diablo, De Anza and San Jose divisions are planned to be completed. PG&E will have all remaining re-inspections that are located in the North

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Bay, Sacramento and Peninsula Divisions completed by Q2, 2017. PG&E is in the process of reviewing the results of the re-inspections for comparison with the 2014 inspections and will share these results when completed.

**Preventative Measures**

In 2015, PG&E began working with a third-party contractor to review OQ verifications for all inspectors performing AC inspections. In 2016, PG&E further improved the program by reviewing the OQ verifications of the inspectors during the onboarding process as well as on a monthly basis. During this contractor onboarding process, PG&E now also requires screening to be completed by the Human Resources organization, an official LAN ID to be created in PG&E's system, and confirmation of completed Operator Qualifications. In addition, training on PG&E Procedure TD-4188P-01 "Atmospheric Corrosion Inspection of Gas Distribution Meters" and on abnormal operating conditions was provided to AC inspection personnel 2014 through 2016, and will be provided on an annual basis going forward.

PG&E will notify the local authorities where the non-Operator Qualified inspections occurred and will provide confirmation of notification as a supplement to this letter.

Please contact Michael Falk at (925) 244-3276 or [MDFL@pge.com](mailto:MDFL@pge.com) for any additional questions you may have regarding this notification.

Sincerely,

/S/

Michael Falk  
Director, Compliance

Attachment

cc: Dennis Lee, CPUC  
Aimee Cauguiran, CPUC  
Terrence Eng, CPUC

Susie Richmond, PG&E

**SELF IDENTIFIED NON-COMPLIANCE REPORT**

**Name of Operator:** Pacific Gas and Electric (PG&E) Company

**Address:** 6111 Bollinger Canyon Road, San Ramon, CA 94583

**Code Section(s)/PG&E Guidance Document:** PG&E Procedure TD-4188P-01 “Atmospheric Corrosion Inspection of Gas Distribution Meters” and PG&E Procedure TD-4413P-05 “CPUC Resolution ALJ-274 Citation Program Requirements”

**Local Authorities to be Notified:** Contra Costa County, Santa Clara County, San Mateo County, Solano County, Sacramento County, Nevada County, El Dorado County, Placer County, Yuba County, Glenn County, San Francisco County, Sutter County, Yolo County

**Location(s) of Non-Compliance:** Peninsula, Diablo, San Jose, Sierra, De Anza, North Bay, Sacramento

**Date(s) of Non-Compliance:** February 2014 – May 2014

**How Non-Compliance was Discovered:** Discovered in November 2015, during the course of responding to a data request from SED following its Sierra Division audit.

**Cause(s) of Non-Compliance:** Pursuant to Resolution ALJ-274, PG&E is providing notification of 2014 Atmospheric Corrosion Inspections performed by non-Operator Qualified personnel on its gas distribution meters. PG&E did not provide timely notification of this self-report in accordance with the requirements of CPUC Resolution ALJ-274 because of a lapse in our process.

**Planned Actions and Actions Taken:**

PG&E has completed or is in the process of completing the following actions:

- PG&E has been in the process of re-inspecting all of the inspections completed by non-Operator Qualified individuals, with many being accelerated to 2016, and the remainder on-track for completion by Q2, 2017.
- In 2015, PG&E began working with a third-party contractor to review OQ verifications for all inspectors performing AC inspections. In 2016, PG&E further improved the program by reviewing the OQ verifications of the inspectors during the onboarding process as well as on a monthly basis. During this contractor onboarding process, PG&E now also requires screening to be completed by the Human Resources organization, an official LAN ID to be created in PG&E’s system, and confirmation of completed Operator Qualifications.
- PG&E has completed several improvements and is implementing additional measures to update the timeliness of its self-report process, such that the 10-day reporting requirement is met.

**Attachment: Re-Inspection work performed and to be performed by city,  
county, and percentage completed by 9/10/16.**

Row Labels	Sum of Total	Sum of Completed	Sum of % Complete	Sum of Remaining
<b>DE ANZA</b>	<b>44,558</b>	<b>43,936</b>	<b>99%</b>	<b>622</b>
CAMPBELL	479	475	99%	4
CUPERTINO	11,072	10,869	98%	203
LOS ALTOS	510	484	95%	26
LOS GATOS	4,051	3,967	98%	84
MONTE SERENO	420	415	99%	5
MOUNTAIN VIEW	3,234	3,142	97%	92
SAN JOSE	6,742	6,715	100%	27
SANTA CLARA	642	628	98%	14
SARATOGA	9,800	9,748	99%	52
SUNNYVALE	7,608	7,493	98%	115
<b>DIABLO</b>	<b>234,954</b>	<b>156,674</b>	<b>67%</b>	<b>78,280</b>
ALAMO	5,583	5,552	99%	31
ANTIOCH	31,078	30,916	99%	162
BAY POINT	6,216	6,163	99%	53
BRENTWOOD	13,048	12,809	98%	239
BYRON	3,412	3,409	100%	3
CLAYTON	4,160	4,158	100%	2
CLYDE	31	29	94%	2
CONCORD	45,772	31,717	69%	14,055
DANVILLE	16,727	16,675	100%	52
DIABLO	399	397	99%	2
DISCOVERY BAY	358	357	100%	1
KNIGHTSEN	4	4	100%	-
LAFAYETTE	9,821	1,387	14%	8,434
MARTINEZ	17,730	594	3%	17,136
MORAGA	5,388	588	11%	4,800
OAKLEY	10,485	10,322	98%	163
ORINDA	6,636	303	5%	6,333
PACHECO	1,018	16	2%	1,002
PITTSBURG	13,995	13,925	99%	70
PLEASANT HILL	12,576	527	4%	12,049
WALNUT CREEK	30,517	16,826	55%	13,691
<b>NORTH BAY</b>	<b>6</b>	<b>-</b>	<b>0%</b>	<b>6</b>
BENICIA	6	-	0%	6

Row Labels	Sum of Total	Sum of Completed	Sum of % Complete	Sum of Remaining
<b>[-] PENINSULA</b>	<b>118,670</b>	<b>4,560</b>	<b>4%</b>	<b>114,110</b>
ATHERTON	428	15	4%	413
BELMONT	839	3	0%	836
BRISBANE	1,914	72	4%	1,842
BURLINGAME	5,446	121	2%	5,325
COLMA	1,713	157	9%	1,556
DALY CITY	28,515	830	3%	27,685
EAST PALO ALTO	34	-	0%	34
EL GRANADA	1	-	0%	1
FOSTER CITY	2,806	-	0%	2,806
HALF MOON BAY	36	6	17%	30
HILLSBOROUGH	1,494	53	4%	1,441
MENLO PARK	1,048	211	20%	837
MILLBRAE	7,370	404	5%	6,966
PACIFICA	12,344	281	2%	12,063
PALO ALTO	10	-	0%	10
PORTOLA VALLEY	2	-	0%	2
REDWOOD CITY	7,400	584	8%	6,816
SAN BRUNO	12,429	559	4%	11,870
SAN CARLOS	1,985	110	6%	1,875
SAN FRANCISCO	50	-	0%	50
SAN MATEO	13,166	306	2%	12,860
SOUTH SAN FRANCISCO	19,566	845	4%	18,721
STANFORD	19	1	5%	18
WOODSIDE	55	2	4%	53
<b>[-] SACRAMENTO</b>	<b>609</b>	<b>1</b>	<b>0%</b>	<b>608</b>
CARMICHAEL	1	-	0%	1
CITRUS HEIGHTS	214	-	0%	214
FAIRFIELD	4	-	0%	4
ORANGEVALE	312	-	0%	312
ORLAND	1	1	100%	-
RANCHO CORDOVA	2	-	0%	2
SACRAMENTO	74	-	0%	74
WINTERS	1	-	0%	1
<b>[-] SAN JOSE</b>	<b>138,437</b>	<b>134,537</b>	<b>97%</b>	<b>3,900</b>
ALVISO	374	373	100%	1
COYOTE	32	31	97%	1
CUPERTINO	95	95	100%	-
GILROY	7,276	7,157	98%	119
LOS GATOS	328	73	22%	255
MILPITAS	3,087	3,051	99%	36
MORGAN HILL	3,792	3,687	97%	105
SAN JOSE	101,981	99,775	98%	2,206
SAN MARTIN	611	592	97%	19
SANTA CLARA	19,415	19,162	99%	253
SARATOGA	113	112	99%	1
SUNNYVALE	1,333	429	32%	904

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Row Labels	Sum of Total	Sum of Completed	Sum of % Complete	Sum of Remaining
<b>SIERRA</b>	<b>12,393</b>	<b>12,146</b>	<b>98%</b>	<b>247</b>
CEDAR RIDGE	2	2	100%	-
EL DORADO HILLS	6	-	0%	6
GRASS VALLEY	8,166	8,005	98%	161
LINCOLN	3	-	0%	3
LIVE OAK	5	5	100%	-
MARYSVILLE	49	49	100%	-
NEVADA CITY	3,496	3,435	98%	61
OLIVEHURST	46	46	100%	-
PENN VALLEY	352	339	96%	13
PLUMAS LAKE	168	168	100%	-
ROUGH AND READY	9	6	67%	3
SUTTER	3	3	100%	-
YUBA CITY	88	88	100%	-
<b>Grand Total</b>	<b>549,627</b>	<b>351,854</b>	<b>64%</b>	<b>197,773</b>